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March 1, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
Commonwealth of Massachusetts
One South Station, 2nd Floor
Boston, MA 02110

**Re: D.T.E. 04-33 - Petition of Verizon New England, Inc. d/b/a
Verizon Massachusetts for Arbitration of Interconnection
Agreements**

Dear Secretary Cottrell:

In its December 15, 2004, *Procedural Order* in this proceeding, the Department found that the FCC's *Triennial Review Order* imposed a new obligation on Incumbent Local Exchange Carriers ("ILECs"), like Verizon Massachusetts ("Verizon MA"), to undertake certain modifications to their networks to provision UNE loops requested by CLECs. Prior to the FCC's ruling, Verizon MA did not add equipment or otherwise modify its loop facilities when doing so would be required to provision a UNE loop for a CLEC on a requested route. *Procedural Order* at 30. In the *Triennial Review Order*, the FCC resolved what it recognized was a controversial issue by obligating ILECs to perform activities on existing facilities, including adding certain equipment, to provision UNE loop orders that the ILECs would routinely undertake when provisioning orders for their own customers. *Triennial Review Order* at ¶ 32. The FCC explained that the obligation extended to "routine network modification" which meant that "incumbent LECs must perform those activities that incumbent LECs *regularly undertake for their own customers.*" *Id.*

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The Department also concluded that it would consider in this case whether the routine network modification costs for which Verizon MA sought recovery were already being recovered in existing loop rates. The Department thus found that in order for it to approve any charges for routine modifications, it required Verizon MA not only to demonstrate that the proposed charges for routine modifications are just and reasonable, but also that there is no double recovery of costs in any charges it seeks to impose for routine modifications. *Procedural Order* at 31.

Under the schedule set by the Department for this arbitration, Verizon MA was to file today its non-recurring cost study for the routine network modifications for which rates have not already been set by the Department as identified on Exhibit A of Verizon MA's Amendment No. 2 filed on December 22, 2004. Verizon MA has not, however, been able to complete that study because a number of difficulties arose associated with gathering necessary data for the base period used in the last TELRIC study to address fully the double-recovery issue. Verizon MA will address the issue of charges for network modifications with its next TELRIC study when both the recurring and non-recurring cost elements for particular UNEs are examined in a comprehensive manner. Consequently, Verizon MA will not seek through this arbitration to litigate charges for the non-recurring rate elements identified in Exhibit A for which the Department has not already set approved rates. Until rates for those elements are approved by the Department, Verizon MA will not charge for the activities when provisioning new loops once interconnection agreements are appropriately amended.

Sincerely,

/s/Bruce P. Beausejour

Bruce P. Beausejour

cc: Tina Chin, Hearing Officer
Michael Isenberg, Director-Telecommunications Division
Paula Foley, Esquire
Service Lists (D.T.E. 04-33)